National Tool Co. to Market New Precision Instrument

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By BERTHA WELLMAN
Industrial Editor

National Tool Co. has just signed a five-year contract to market a radically new precision instrument . . . a pocket comparator made by Bell & Howell Co., a large Chicago firm.

The Comparator

Manufacturers before have always used a standard comparator which costs at least $3000, or several different devices to check linear measurements, angles, the radius of a circle and so on. But in many shops all those measurements can now be made on the new pocket comparator which sells for $36.

Harry W. Barkley, president of National Tool, the world's largest manufacturer of cutting tools, believes sales of the new pocket comparator will run around $1,000,000 the first year.

"Jewelry makers, engravers, printers, die casters, chemists, metallurgists, textile and paper manufacturers, toolmakers, quality control engineers and many others can use it," he said.

"We don't pretend that it would ever replace regular comparators," Barkley added. "But it can fill an important spot in a great many industries between the comparator and the older measuring instruments such as rulers and micrometers.

Charles Percy

Harry Barkley

"Bell & Howell developed the instrument for their own use during the war as an accurate and quick way of finding flaws in lenses. Until then it had depended on the judgment of the inspector. Not only thousands of dollars but thousands of lives were saved by development of the small comparator."

Heading Bell & Howell which last year made about $18,000,000 worth of home movie projectors and Hollywood cameras, is a 30-year-old president, Charles H. Percy.

National Tool, at 11200 Madison Ave., was chosen an exclusive distributor of the pocket-comparator because of its nationally known industrial distribution setup.

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National Tool Co. Industries

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STRICTLY BUSINESS

BY JACK CLEARY, Financial Editor

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National Tool Sales, Earnings Set Records; Peak Demand Yet to Come

Despite the fact demand for metal cutting tools is at an all-time high as defense requirements are superimposed on needs of makers of purely civilian-type products, the cutting tool industry sights a mountain of orders ahead even more lofty than the one upon which it is now perched.

That's because many defense projects are still in the tooling or pilot stage and probably will not attain a high level of output until some time next year.

At that time a much more highly intensified demand for metal cutting tools is expected to begin asserting itself and continue for a protracted period.

Metal cutting tools are the business ends of machine tools—used for gear cutting, drilling, threading, milling profiling, shaping, planing, etc. They are consumed in use and, therefore, unlike machine tools, must be replaced or resharpened frequently.

The tremendous demand for machine tools at present, as new production lines are being set up, gives a hint of continuing cutting tool requirements when those lines are in full operation.

An index of current activity in the cutting tool industry is provided by National Tool Co. of Cleveland, the nation's largest exclusive manufacturer of such products, where sales, customer inquiries, earnings—and taxes—are highest in the company's 46-year history.

With only about 35 per cent of company output presently classifying as direct defense but with about 95 per cent of orders carrying government ratings, President Harry W. Barkley reports sales for the first 10 months this year total $5,116,768. This compares with $2,466,854 for the like period last year and with $3,766,000 in all of 1943, the previous historical peak.

Net profit before federal taxes for the latest 10 months is estimated at $669,361, against $175,000 a year earlier, while net after taxes totes up to about $214,196, or 93 cents per share, compared with $106,000, or 47 cents a share. Previous record net profit for a full year was $230,708, certain to be far outdistanced this year.

The big difference between pretax and posttax profit is accounted for by a provision of $455,165 for income and excess profits taxes so far this year under the recently hiked rates, compared with only $69,000 a year ago.

Factory employment at National Tool now stands at 560, about 40 per cent higher than a year ago. With the work week averaging 59 hours for more than a year, that represents the highest man-hour total in company history.

The sharply increased production is not a reflection of increased man-hours alone. Important, says President Barkley, is a steadily improving level of productivity by employes.

In addition, of course, since Barkley joined National Tool in 1945, capital expenditures for new equipment and modernization have topped $1,000,000, with $100,000 of that spent this year.

Improved efficiency and economy resulting from Barkley's programs is apparent in the Sept. 30 balance sheet. This shows working capital of $913,243, an increase of more than $500,000 from six years ago. In that span current assets expanded $1¼ million and current liabilities a little more than $650,000.

Backlog of orders as of Sept. 30 stands at $2,530,081, compared with $972,177 a year ago, $2,109,708 at the end of 1950 and $735,603 at the end of 1944, the wartime peak.

Dividends to stockholders, which amounted to 10 cents per share in 1945, had risen to 30 cents last year. So far this year three quarterly dividends of 10 cents each have been paid. Another meeting of directors to consider dividends is scheduled later this year.

Despite such healthy financial condition, Barkley is disturbed by the implications of current high federal tax rates on "growth" companies such as his.

He points out that company sales for the full 1951 year are estimated at 6½ million, a 100 per cent increase from 1950; taxes at about $510,000, up 400 per cent, and net profits about 45 per cent higher than in 1950. The tax bill this year, he adds, is equivalent to all the company's net profits for the preceding five years.

Some relief should be provided by government for "growth" companies, he insists. Because of growth, excess profits taxes take a heavy toll on such companies. Barkley declares that companies important to the defense effort, such as National Tool, will be hobbled unless they are permitted to plow back a more equitable share of their earnings now being consumed by taxes.

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